

OWOSSO CHARTER TOWNSHIP
SHIAWASSEE COUNTY

FINANCIAL STATEMENTS

MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Owosso Charter Township	County Shiawassee
Audit Date 3-31-04	Opinion Date 8-19-04	Date Accountant Report Submitted to State: 5-31-04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

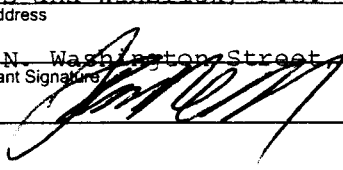
Certified Public Accountant (Firm Name) Demis and Wenzlick, P.C.			
Street Address 217 N. Washington Street, Suite 201	City Owosso	State MI	ZIP 48867
Accountant Signature 		Date 8/31/04	

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DEMIS and WENZLICK, P.C.

Certified Public Accountants

217 N. Washington Street
Pabst Building, Suite 201
Owosso, MI 48867

989-723-8227 • FAX 989-725-5143
E-MAIL office@dw-cpa.com

James Demis, Jr., C.P.A.
LaVearn G. Wenzlick, C.P.A.

Lori S. Chant, C.P.A.
Carol A. Demis
Jeanette Gaitskill
Janet E. Guru
Janis K. Mead
Tammy Pappas
Peggy Ryan
Joyce M. Simmons
Geraldine Terry, C.P.A.

INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
Owosso Charter Township
Shiawassee County, Michigan

We have audited the accompanying general purpose financial statements of the Owosso Charter Township as of and for the year ended March 31, 2004. These financial statements are the responsibility of the of Owosso Charter Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the of Owosso Charter Township at March 31, 2004, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining, individual fund and account group financial statements. The accompanying financial information listed as schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Owosso Charter Township. The information in these schedules has been subjected to the auditing procedures applied in the audit of the general purpose, combining, individual fund and account group financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account groups, taken as a whole.

Our report of comments and recommendations has been submitted under date of August 19, 2004.

Dennis and Wengert, P.C.

Certified Public Accountants

Owosso, Michigan
August 19, 2004

OWOSSO CHARTER TOWNSHIP
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

	GOVERNMENTAL FUND TYPES		PROPRIETARY FUND TYPES	FIDUCIARY FUND TYPE	ACCOUNT GROUPS		COMPONENT
	GENERAL	SPECIAL REVENUE	ENTERPRISE	& TRUST AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	UNIT
ASSETS:							
Cash	\$332,279	\$142,860	\$ 106,606	\$663,657	\$	\$	\$ 7,510
Investments	484,702	474,421	942,218				
Due from Other Funds	119,734	214,758	131,556				9,823
Due from Other Gov't Units	7,822	15,987	16,507	219			
Special Assmts. & Other	3,044	4,566	26,272				
Invest. In Owosso-Caledonia Utility Authority			4,551,311				
Fixed Assets (Net of Accum Deprec)			308,693		2,452,622		
Amt. to be Provided						70,000	
TOTAL ASSETS	<u>\$947,581</u>	<u>\$852,592</u>	<u>\$6,083,163</u>	<u>\$663,876</u>	<u>2,452,622</u>	<u>\$70,000</u>	<u>\$ 17,333</u>
LIABILITIES:							
Accts. Pay.	\$ 22,919	\$ 24,362	\$ 172	\$	\$	\$	\$
Due to Other Funds				360,917			105,130
Due to Other Gov't Units			39,820	302,959			
Current Maturities On Bonds Payable			49,002				
Long-Term Debt			263,406			70,000	
TOTAL LIAB.	\$ 22,919	\$ 24,362	\$ 352,400	\$663,876	\$ -0-	\$70,000	\$ 105,130
FUND EQUITY:							
Investment in General Fixed Assets	\$	\$	\$	\$	\$2,452,622	\$	\$
Retained Earnings Fund Balance	924,662	828,230	5,730,763				(87,797)
TOTAL FUND EQUITY	<u>\$947,581</u>	<u>\$828,230</u>	<u>\$5,730,763</u>	<u>\$ -0-</u>	<u>\$2,452,622</u>	<u>\$ -0-</u>	<u>\$ (87,797)</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$947,581</u>	<u>\$852,592</u>	<u>\$6,083,163</u>	<u>\$663,876</u>	<u>\$2,452,622</u>	<u>\$70,000</u>	<u>\$ 17,333</u>

The accompanying notes are an integral part of the financial statements.

OWOSSO CHARTER TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED MARCH 31, 2004

	<u>GENERAL</u>	<u>SPECIAL REVENUES</u>	<u>COMPONENT UNIT</u>
REVENUES:			
Taxes and Special Assessments	\$126,142	\$236,736	\$ 9,823
State Shared Revenues	355,548		
Charges for Services	41,056	347,376	
Int. & Misc. Income	<u>77,561</u>	<u>22,323</u>	<u>28</u>
TOTAL REVENUES	\$600,307	\$606,435	\$ 9,851
EXPENDITURES:			
Legislative	\$ 27,877	\$	\$
Executive	21,454		
Elections	3,921		
Clerk	20,918		
Board of Review	325		
Treasurer	33,038		
Hall and Grounds	24,431		
Other General Gov't.	69,711		
Highways and Streets	125,575		
Public Works	11,430		
Assessor	25,196		
Zoning	48,740		
Fire 1/2 Mill Expend.	-0-	5,620	
Fire Expenditures	-0-	150,557	
Ambulance Expenditures	-0-	319,957	
Cemetery Expenditures	<u>-0-</u>	<u>16,298</u>	
TOTAL EXPENDITURES	\$412,616	\$492,432	\$ -0-
EXCESS OF REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)			
	\$187,691	\$114,003	\$ 9,851
Operating Transfers In	\$ -0-	\$ 49,231	\$ -0-
Operating Transfers Out	<u>(16,000)</u>	<u>(43,231)</u>	<u>-0-</u>
TOTAL OTHER FINANCING SOURCES (USES)			
	\$ (16,000)	\$ 6,000	\$ -0-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES			
	\$ 171,691	\$120,003	\$ 9,851
Fund Balance at Beginning of Year	<u>752,971</u>	<u>708,227</u>	<u>(97,648)</u>
FUND BALANCE DEFICIT AT END OF YEAR			
	\$ <u>924,662</u>	\$ <u>828,230</u>	\$ <u>(87,797)</u>

OWOSSO CHARTER TOWNSHIP
COMBINED STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND TYPES
YEAR ENDED MARCH 31, 2004

GENERAL FUND			SPECIAL REVENUE			COMPONENT UNIT		
		ACTUAL (OVER) UNDER			ACTUAL (OVER) UNDER			ACTUAL (OVER) UNDER
	BUDGET	ACTUAL	BUDGET	BUDGET	ACTUAL	BUDGET	BUDGET	ACTUAL
REVENUES:								
Taxes	\$117,000	\$126,142	\$ (9,142)	\$ 220,500	\$ 236,736	\$ (16,236)	\$	\$
State Shared								
Revenues	300,000	355,548	(55,548)	-0-	-0-	-0-	-0-	9,823
Chgs. For Serv.	25,000	41,056	(16,056)	332,610	347,376	(14,766)		(9,823)
Interest & Misc.								
Income	37,000	77,561	(40,561)	7,000	22,323	(15,323)		(28)
TOTAL REVENUES	\$479,000	\$600,307	\$ (121,307)	\$ 560,110	\$606,435	\$ (46,325)	\$ -0-	\$ 9,851
EXPENDITURES:								
Legislative	\$ 50,000	\$ 27,877	\$ 22,123	\$	\$	\$	\$	\$
Executive	24,000	21,454	2,546					
Elections	5,000	3,921	1,079					
Clerk	28,000	20,918	7,082					
Board of Review	1,500	325	1,175					
Treasurer	37,100	33,038	4,062					
Hall & Grounds	55,000	24,431	30,569					
Other General								
Gov't.	349,800	69,711	280,089					
Hwys. & Streets	125,600	125,575	25					
Public Works	260,000	11,430	248,570					
Assessor	20,000	25,196	(5,196)					
Zoning	67,000	48,740	18,260					
Fire & Mill				181,500	5,620	175,880		
Fire Expend.				551,000	150,557	400,443		
Ambulance Expend.				464,000	319,957	144,043		
Cemetery Exp.				18,609	16,298	2,311		
TOTAL EXPEND.	\$1,023,000	\$412,616	\$ 610,384	\$1,215,109	\$ 492,432	\$ 722,677	\$ -0-	\$ -0-

The accompanying notes are an integral part of the financial statements.

OWOSSO CHARTER TOWNSHIP
COMBINED STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND TYPES
YEAR ENDED MARCH 31, 2004

	<u>GENERAL FUND</u>			<u>SPECIAL REVENUE</u>		<u>COMPONENT UNIT</u>			
	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>
EXCESS OF REVENUES OVER (UNDER)									
EXPEND. \$(544,000)	\$ 187,691	\$(731,691)	\$(654,999)	\$114,003	\$(769,002)	\$ -0-	\$ 9,851	\$(9,851)	
OTHER FINANCING SOURCES:									
Operating Transfers									
In \$	\$	\$	\$ 10,000	\$ (49,231)	\$ (39,231)	\$	\$	\$	
Operating Transfers									
Out (165,000)	(16,000)	(149,000)	-0-	(43,231)	(43,231)				
TOTAL TRANSFERS									
IN (OUT) \$(165,000)	\$(16,000)	\$(149,000)	\$ 10,000	\$ 6,000	\$ 4,000	\$ -0-	\$ -0-	\$ -0-	
\$ 5,000									
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)									
EXPENDITURES AND OTHER USES \$(709,000)	\$ 171,691	\$(880,691)	\$(644,999)	\$120,003	\$(765,002)	\$ -0-	\$ 9,851	\$(9,851)	
*****		*****	*****		*****	*****		*****	
Fund Balance at Beginning of Year	752,971			708,227			(97,648)		
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 924,662			\$828,230			\$ (87,797)		
	*****			*****			*****		

The accompanying notes are an integral
part of the financial statements.

OWOSSO CHARTER TOWNSHIP
ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN RETAINED EARNINGS
YEAR ENDED MARCH 31, 2004

REVENUES:

Charges for Services	\$ 295,799
Interest Income	39,771
Miscellaneous Income	<u>2,605</u>
TOTAL REVENUES	\$ 338,175

EXPENDITURES:

Operation of Plant	\$ 171,613
Interest Expense	15,724
Depreciation Expense	48,054
Unrealized Loss	57,033
Miscellaneous Exp.	<u>3,024</u>
TOTAL EXPENDITURES	\$ <u>295,448</u>

NET INCOME (LOSS)	\$ 42,727
Operating Transfer In	<u>10,000</u>
	\$ 52,727

Retained Earnings - Beginning of Year	5,760,230
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Decrease in Value of Subsidiary During the Year	<u>(82,194)</u>
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RETAINED EARNINGS END OF YEAR	<u>\$5,730,763</u>
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The accompanying notes are an integral
part of the financial statements.

OWOSSO CHARTER TOWNSHIP
ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2004

Cash Flows from Operating Activities:	
Net Income	\$ 52,727
Adjustments to Reconcile Net Income to Net	
Cash Provided by Operating Activities:	
Depreciation	48,054
(Increase) Decrease in Receivables	(3,937)
Increase (Decrease) in Payables	<u>(1,875)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 94,969
 Cash Flows from Financing Activities:	
Decrease in Debt	<u>(61,742)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 33,227
 Cash and Cash Equivalents Beginning of Year	<u>1,015,597</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$1,048,824</u></u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash Paid During the Year for:	
Interest	\$ <u>4,480</u>

DISCLOSURE OF ACCOUNTING POLICY:

For purposes of the statement of cash flows, the township considers all highly liquid debt instruments, such as certificates of deposit to be cash equivalents.

The accompanying notes are an integral part of the financial statements.

OWOSSO CHARTER TOWNSHIP
BROWNFIELD REDEVELOPMENT FUND
DEBT SERVICE CHARGES TO MATURITY
ON BONDED INDEBTEDNESS
MARCH 31, 2004

<u>YEAR ENDED</u>	<u>PAYMENT</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2004	\$ 7,721	\$ -0-	\$ 7,721
2005	7,721	1,401	6,320
2006	7,721	1,258	6,463
2007	7,721	1,113	6,608
2008	7,721	964	6,757
2009	7,721	813	6,908
2010	7,721	657	7,064
2011	7,721	498	7,223
2012	7,721	336	7,385
2013	<u>7,721</u>	<u>170</u>	<u>7,551</u>
	<u>\$77,210</u>	<u>\$7,210</u>	<u>\$70,000</u>

The accompanying notes are an integral
part of the financial statements.

OWOSSO CHARTER TOWNSHIP
SCHEDULE OF INDEBTEDNESS - SEWER FUND
MARCH 31, 2004

Owosso Charter Township is obligated for a 21.5% share of the debt for the construction of the Wastewater Disposal Plant. Following is the debt service requirements for this obligation:

<u>CALENDAR YEAR</u>	<u>INTEREST APRIL 1,</u>	<u>INTEREST OCT. 1,</u>	<u>PRINCIPAL OCT. 1,</u>	<u>TOTAL</u>
2004	\$ 4,369	\$ 4,369	\$ 44,075	\$ 52,813
2005	2,958	2,958	43,000	48,916
2006	<u>1,561</u>	<u>1,561</u>	<u>47,300</u>	<u>50,422</u>
	<u>\$ 8,888</u>	<u>\$ 8,888</u>	<u>\$134,375</u>	<u>\$152,151</u>

The coupons bear various interest rates, from 5.89% to 6.6% per annum.

OWOSSO CHARTER TOWNSHIP
SCHEDULE OF INDEBTEDNESS - LAND PURCHASE
MARCH 31, 2004

Owosso Charter Township has entered a land purchase agreement for approximately 21 acres on S. Delaney Road for the sum of \$200,000. A \$20,000 down payment was made leaving \$180,000 of principal plus 6% per annum interest due. Payments began December 1, 2003 and will continue monthly to pay back the principal within 20 years time.

<u>FISCAL YEAR ENDING</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2004	\$ 1,967	\$ 4,480	\$ 6,447
2005	4,927	10,548	15,475
2006	5,231	10,244	15,475
2007	5,554	9,921	15,475
2008	5,896	9,579	15,475
Thereafter	<u>156,425</u>	<u>84,725</u>	<u>241,150</u>
	<u>\$180,000</u>	<u>\$129,497</u>	<u>\$309,497</u>

OWOSSO CHARTER TOWNSHIP
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 3-31-03	ADDITIONS	DEDUCTIONS	BALANCE 3-31-04
<u>TRUST AND AGENCY FUND</u>				
<u>ASSETS</u>				
Cash	\$ 263	\$ 101,944	\$ 101,988	\$ 219
Due from Other Funds	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	<u>\$ 263</u>	<u>\$ 101,944</u>	<u>\$ 101,988</u>	<u>\$ 219</u>

LIABILITIES

Due to Other Entities	\$ -0-	\$ 89,232	\$ 89,232	\$ -0-
Due to Other Funds	263	2,038	2,082	219
Due to Other Gov't.				
Units	<u>-0-</u>	<u>10,674</u>	<u>10,674</u>	<u>-0-</u>
	<u>\$ 263</u>	<u>\$ 101,944</u>	<u>\$ 101,988</u>	<u>\$ 219</u>

CURRENT TAX COLLECTION FUND

ASSETS

Cash	<u>\$753,723</u>	<u>\$3,159,900</u>	<u>\$3,249,966</u>	<u>\$663,657</u>
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LIABILITIES

Due to Other Funds	\$354,678	\$ 422,440	\$ 406,597	\$370,521
Due to Other Gov't.				
Units	<u>399,045</u>	<u>2,737,460</u>	<u>2,843,369</u>	<u>293,136</u>
	<u>\$753,723</u>	<u>\$3,159,900</u>	<u>\$3,249,966</u>	<u>\$663,657</u>

The accompanying notes are an integral
part of the financial statements.

OWOSSO CHARTER TOWNSHIP
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES (CONTINUED)
ALL AGENCY FUNDS
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE <u>3-31-03</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	BALANCE <u>3-31-04</u>
<u>COMBINED AMOUNTS</u>				
<u>ASSETS</u>				
Cash	\$753,986	\$3,261,844	\$ 3,351,954	\$663,876
Due from Other Funds	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	<u>\$753,986</u>	<u>\$3,261,844</u>	<u>\$ 3,351,954</u>	<u>\$663,876</u>
<u>LIABILITIES</u>				
Due to Other Entities	\$ -0-	\$ 89,232	\$ 89,232	\$ -0-
Due to Other Funds	354,941	424,478	408,679	370,740
Due to Other Gov't.				
Units	<u>399,045</u>	<u>2,748,134</u>	<u>2,854,043</u>	<u>293,136</u>
	<u>\$753,986</u>	<u>\$3,261,844</u>	<u>\$3,351,954</u>	<u>\$663,876</u>

The accompanying notes are an integral part of the financial statements.

OWOSSO CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Owosso conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

FUND ACCOUNTING

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

GOVERNMENT FUNDS

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that period determination or revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Sewer Special Assessment Fund is reported within the Enterprise Fund.

OWOSSO CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FIDUCIARY FUNDS

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

FIXED ASSETS

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (General fixed assets) are accounted for in the General Fixed Asset Group, rather than in governmental funds. Public Domain ("infrastructure") general fixed assets consisting of certain improvements, including buildings, but other than roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The account group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

OWOSSO CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FIXED ASSETS (CONTINUED)

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful life is 20 years.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All government funds and Expendable Trust Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales tax are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception of this general rule is accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued.

USE OF ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

OWOSSO CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF ACCOUNTING

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled Sewer Fund Utility service receivables are recorded at year end.

BUDGETS AND BUDGETARY ACCOUNTING

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the clerk submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in the Township to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted through passage of an ordinance.
4. The clerk is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures or any department or fund must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
6. Budgets for the General, Special Revenue, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

COMPARATIVE DATA

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative (i.e. presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

OWOSSO CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

STATEMENT OF CASH FLOWS

For purposes of the statement of cash flows, the Township considers all highly liquid debt instruments, such as certificates of deposit to be cash equivalent.

CASH AND INVESTMENTS

Cash includes amounts in demand deposits. State statutes authorize the townships to invest in obligations of the U.S. Treasury, Commercial Paper, corporate bonds and repurchase agreements.

Investments are stated at cost or amortized at cost.

SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, transactions occur between funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

ENCUMBRANCES

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances accounting-under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation-is utilized in the government fund types. Encumbrances outstanding at year end are reported as a reservation of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. There were no significant encumbrances at year end.

COMPENSATED ABSENCES

The Township does not pay sick or vacation time for its employees.

POST EMPLOYMENT HEALTH-CARE BENEFITS - COBRA BENEFITS

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA) the Township makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. There are no participants in this program as of March 31, 2004.

OWOSSO CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RETIREE BENEFITS

The Township does not have health insurance coverage for its employees; therefore, there are no post-employment health care benefits.

INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenue or expenditures. Transactions that constitute reimbursement to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in that reimbursing fund as a reduction of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

NOTE B - REPORTING ENTITY

For financial reporting purposes, in conformance with NCGA Statement No. 3, Defining the Governmental Reporting Entity, the Owosso Township includes all funds, account groups, agencies, boards, commissions and authorities that are controlled by or dependent on the Township's executive or legislative branches (the Township Supervisor or the Board, respectively). Control by or dependence on the Township was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Township to finance any deficits that may occur or receipt of significant subsidies from the Township.

Based on the foregoing criteria, the following component units are included in the Township's annual report.

DISCRETELY REPORTED
COMPONENT UNIT

BRIEF DESCRIPTION OF ACTIVITIES AND
RELATIONSHIP TO THE TOWNSHIP

Brownfield Authority

Established pursuant to the provisions of Act 381, Public Acts of 1996, to promote the revitalization of environmentally distressed area within the township.

OWOSSO CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

NOTE B - REPORTING ENTITY

OWOSSO-CALEDONIA UTILITY AUTHORITY

Owosso Township entered into a joint venture with Caledonia Township for the creation of an Utility Authority. Owosso Townships owns 50% of the authority's equity. NCGA Statement 7 requires that this investment be shown on Owosso Township's financial records (Sewer Usage Fund) an Enterprise Fund, using the equity method of accounting. The Utility Authority has 6 board members. Each township appoints 3 individuals to the board. The Utility Authority budgets and finances are governed entirely by this 6 person board. Following is a summary of the Utility Authority (All amounts shown are as of December 31, 2003, the year end for the Utility Authority).

1. Total Assets	<u>\$9,104,652</u>
Total Liabilities	<u>\$ 2,031</u>
Total Equity - General Fund Contribution Capital	\$8,897,542
Retained Earnings	<u>205,079</u>
	<u>\$9,102,621</u>
2. Total Revenue	<u>\$ 461,047</u>
3. Total Expenditures - General Fund	\$ 626,287
(Depreciation on Assets Acquired by Grants)	<u>(171,126)</u>
	<u>\$ 455,161</u>
4. Net Loss from Operations	<u>\$ (165,240)</u>
5. Owosso Township is responsible for 50% of all liabilities.	
The assets ownership corresponds to the liability percentage.	

Owosso Townships share of the Utility Authority is as follows:

Assets	\$4,552,326
Liabilities	1,015
Equity	4,551,311
Change in Equity	(82,194)

Owosso Township's share of the joint venture debt is disclosed in other footnotes. It is shown as a debt of the Sewer Usage Fund.

All income of the Sewer Usage Fund come from the Utility Authority (Shown as an expense of the Utility Authority).

OWOSSO CHARTER TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

NOTE C - PROPERTY TAX

Taxes levied on December 1, are payable on February 14. The county bills and collects its own property taxes and also taxes for the county and local school districts. Collections of the county and school taxes remittances of them are accounted for in the current tax collection fund. Township property taxes are recognized when levied to the extent that they result in current receivables.

The Township is permitted by the Municipal Finance Law of the State to levy taxes up to 1 mill for general governmental services. 1.4519 mill is levied to pay for fire services and .9680 mill is levied for the general fund.

The delinquent real property taxes of the Township are purchased by the county of Shiawassee. The county intends to sell tax notes, the proceeds of which will be used to pay the Township for these property taxes. This took place in June 2004. These taxes have been recorded as revenue for the current year.

NOTE D - WASTEWATER OBLIGATION

The Sewer Wastewater Fund is obligated for 21.5% of the debt for the increase in capacity of the Wastewater Disposal Plant. The schedule of indebtedness details the repayment terms of this loan.

NOTE E - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	BALANCE <u>3-31-03</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	BALANCE <u>3-31-04</u>
Land and Improve.	\$ 247,820	\$	\$	\$ 247,820
Townhall	275,878	-0-	-0-	275,878
Fire Stations	175,031	6,557		181,588
Machinery & Equipment	412,517	11,111		423,628
Vehicles	1,027,602	-0-		1,027,602
Office Equipment and Furniture	88,972	1,800		90,772
Water Tower	<u>205,334</u>			<u>205,334</u>
	<u>\$2,433,154</u>	\$ <u>19,468</u>	\$ <u>-0-</u>	<u>\$2,452,622</u>

OWOSSO CHARTER TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

NOTE F - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621, of 1978, Section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a activity basis. The approved budgets of the township for these budgetary funds were adopted to the activity level.

During the year ended March 31, 2004, the Township incurred expenditures in certain budgetary line items which were in excess of the amounts appropriated as follows:

	TOTAL <u>APPROPRIATIONS</u>	AMOUNT OF <u>EXPENDITURES</u>	BUDGET <u>VARIANCE</u>
General - Assessor	\$20,000	\$ 25,196	\$(5,196)
Fire - Medical	-0-	1,875	(1,875)
Fire - Pension	-0-	767	(767)
Ambulance - Pension	-0-	4,460	(4,460)
½ Mill - Bank Fees	-0-	7	(7)

NOTE G - CASH AND CERTIFICATES OF DEPOSIT

The Township's deposits at March 31, 2004, consisted of cash and certificates of deposit at three financial institutions:

<u>INSTITUTION</u>	<u>AMOUNT</u>	FDIC <u>INSURED</u>	<u>UNINSURED</u>
<u>A</u>			
Cash	\$ 350,775	\$100,000	\$ 250,775
<u>B</u>			
Cash	\$ 701,962	\$100,000	\$ 601,962
<u>C</u>			
Cash	\$ 200,076	100,000	100,076
	<u>\$1,252,813</u>	<u>\$300,000</u>	<u>\$ 952,813</u>

Cash and cash equivalents caption on the combined balance sheet include \$100 in imprest cash.

OWOSSO CHARTER TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

NOTE H - INVESTMENTS

Investing is performed in accordance with the investment policy of Owosso Charter Township. Any investments must be made in compliance with Public Act 20 of 1943 as amended. Edward Jones handles the investment activity for Owosso Charter Township and understands the investment policy and Public Act 20 of 1943, as amended. The Township's investments at March 31, 2004, are composed as follows:

<u>FUND</u>	<u>TOTAL</u>	<u>CASH/ MONEY MKT.</u>	<u>UNIT TRUSTS</u>	<u>BONDS</u>	<u>MUTUAL FUNDS</u>
Ambulance	\$ 97,456	\$ 2,010	\$ -0-	\$ 89,144	\$ 6,302
General	484,702	1,232	-0-	463,965	19,505
Sewer	942,218	12,004	540,533	346,529	43,152
Fire	<u>376,965</u>	<u>2,685</u>	<u>-0-</u>	<u>358,280</u>	<u>16,000</u>
	<u>\$1,901,341</u>	<u>\$17,931</u>	<u>\$540,533</u>	<u>\$1,257,918</u>	<u>\$84,959</u>

NOTE I - TOWNSHIP DRAIN ASSESSMENT

The township is involved with a drain project with the City of Owosso. This project could entail an at large expenditure of the general fund in excess of \$200,000. This date of the assessment is uncertain.

NOTE J - PENSION

The Township established a pension for certain employees, effective August 1, 1991. The Township contributes 7.65% of the employees salary. Voluntary contributions up to 10% of compensation are permissible by the employee. The Township contributed \$12,163 for the year ended March 31, 2004 for pension expense.

NOTE K - BROWNFIELD FUND DEFICIT

The Brownfield Fund has a deficit. A fund deficit is impermissible under P.A. 275 of 1980. A deficit elimination plan has been submitted to the Michigan Department of Treasury.

OWOSSO CHARTER TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

NOTE L - LONG-TERM DEBT FUND

The township established a Brownfield Redevelopment Authority to clean up contaminated sites. To fund the cleanup, the authority borrowed \$70,000 from the State of Michigan. The loan is payable with interest at 2 1/4% per annum, commencing June 30, 2004. The loan is secured by state shared revenues and the full faith and credit of the township.

<u>YEAR ENDED</u>	<u>PAYMENT</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2004	\$ 7,721	\$ -0-	\$ 7,721
2005	7,721	1,401	6,320
2006	7,721	1,258	6,463
2007	7,721	1,113	6,608
2008	7,721	964	6,757
2009 AND THEREAFTER	<u>38,605</u>	<u>2,474</u>	<u>36,131</u>
	<u>\$77,210</u>	<u>\$7,210</u>	<u>\$70,000</u>

NOTE M - MUNICIPAL FUND SERVICE CONTRACT

Owosso Charter Township has entered into a Municipal Fund Service Contract for the years 2004 through 2039 with a residential apartment complex. This contract pays Owosso Charter Township ambulance fees in lieu of property taxes. All fees are due by February 14, each year as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2004 - 2010	\$ 5,500
2011 - 2015	6,000
2016 - 2020	6,500
2021 - 2026	7,000
2027 - 2032	7,500
2033 - 2039	8,000

Ambulance fees are paid in addition to the above schedule. In addition, the complex pays 4% of gross revenues to the township.

FINANCIAL STATEMENTS
OF
INDIVIDUAL FUNDS

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

OWOSSO CHARTER TOWNSHIP
COMPARATIVE BALANCE SHEET
MARCH 31, 2004 AND MARCH 31, 2003

GENERAL FUND

	<u>3-31-04</u>	<u>3-31-03</u>
ASSETS:		
Cash in Bank	\$ 332,279	\$643,158
Investments	484,702	-0-
Due from Other Gov't Units	7,822	7,418
Due from Other Funds	119,734	119,348
Due from Others	<u>3,044</u>	<u>1,261</u>
TOTAL ASSETS	\$ <u>947,581</u>	\$ <u>771,185</u>
LIABILITIES:		
Payroll Tax Payable	\$ 51	\$ -0-
Accounts Payable	<u>22,868</u>	<u>18,214</u>
	\$ 22,919	\$ 18,214
 GENERAL FUND BALANCE	 <u>924,662</u>	 <u>752,971</u>
 TOTAL LIABILITIES AND GENERAL FUND BALANCE	 <u>\$947,581</u>	 <u>\$771,185</u>

The accompanying notes are an integral
part of the financial statements.

OWOSSO CHARTER TOWNSHIP
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

GENERAL FUND

	AMENDED <u>BUDGET</u>	3-31-04 <u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	3-31-03 <u>ACTUAL</u>
REVENUES:				
Taxes:				
Property Tax				
Levy	\$	\$113,941	\$	\$109,335
Special Assessments	<u> </u>	<u>12,201</u>	<u> </u>	<u>14,513</u>
TOTAL TAXES	\$117,000	\$126,142	\$ (9,142)	\$123,848
State Shared Revenues	\$300,000	\$355,548	\$ (55,548)	\$385,916
Charges for Services	\$ 25,000	\$ 41,056	\$ (16,056)	\$ 23,868
Miscellaneous:				
Trailer Taxes	\$ 2,000	\$ 2,082	\$ (82)	\$ 1,973
Cable T.V. Fees	20,000	28,656	(8,656)	29,047
Interest Earned	15,000	5,066	9,934	21,319
Miscellaneous	-0-	2,625	(2,625)	859
Investment Int/Div.	-0-	15,227	(15,227)	-0-
Unrealized Gains	-0-	4,677	(4,677)	-0-
Refunds/Penalties	-0-	12,288	(12,288)	-0-
Municipal Serv.	<u>-0-</u>	<u>6,940</u>	<u>(6,940)</u>	<u>-0-</u>
TOTAL MISCELLANEOUS	\$ <u>37,000</u>	\$ <u>77,561</u>	\$ <u>(40,561)</u>	\$ <u>53,198</u>
TOTAL REVENUES	\$ <u>479,000</u>	\$ <u>600,307</u>	\$ <u>(121,307)</u>	\$ <u>586,830</u>

The accompanying notes are an integral part of the financial statements.

OWOSSO CHARTER TOWNSHIP
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

GENERAL FUND

	AMENDED <u>BUDGET</u>	3-31-04 <u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	3-31-03 <u>ACTUAL</u>
EXPENDITURES:				
Legislative:				
Salaries	\$	\$15,837	\$	\$15,980
Audit & Acctg.		3,426		6,333
Dues & Educ.		2,696		-0-
Printing & Publ.		5,513		6,648
Mileage/Supplies		<u>405</u>		<u>-0-</u>
TOTAL LEGISLATION	\$50,000	\$27,877	\$22,123	\$28,961
Executive:				
Salaries	\$	\$15,770	\$	\$15,700
Supplies		<u>5,684</u>		<u>4,401</u>
TOTAL EXECUTIVE	\$24,000	\$21,454	\$ 2,546	\$20,101
Elections:				
Salaries	\$	\$ 1,328	\$	\$ 4,332
Supplies & Misc.		2,149		3,725
Software		<u>444</u>		<u>4,444</u>
TOTAL ELECTION	\$ 5,000	\$ 3,921	\$ 1,079	\$12,501
Clerk:				
Salaries	\$	\$19,102	\$	\$19,360
Office Supplies & Miscellaneous		<u>1,816</u>		<u>4,052</u>
TOTAL CLERK	\$28,000	\$20,918	\$ 7,082	\$23,412
Board of Review:				
Salaries	\$	\$ 250	\$	\$ 400
Mileage & Misc.		<u>75</u>		<u>81</u>
TOTAL BOARD OF REVIEW	\$ 1,500	\$ 325	\$ 1,175	\$ 481

The accompanying notes are an integral
part of the financial statements.

OWOSSO CHARTER TOWNSHIP
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

GENERAL FUND

	AMENDED <u>BUDGET</u>	3-31-04 <u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	3-31-03 <u>ACTUAL</u>
EXPENDITURES:				
Treasurer:				
Salaries	\$	\$ 21,521	\$	\$ 19,894
Office Supplies &				
Miscellaneous		6,342		6,353
Tax Roll Prep.		<u>5,175</u>		<u>5,703</u>
TOTAL TREASURER	\$ 37,100	\$ 33,038	\$ 4,062	\$ 31,950
Hall & Grounds:				
Salaries	\$	\$ 2,772	\$	\$ 2,540
Supplies & Maint.		7,345		9,195
Engineering		-0-		-0-
Utilities & Tele.		11,074		5,555
Snow Plowing		3,240		2,426
Capital Outlay		<u>-0-</u>		<u>-0-</u>
TOTAL HALL & GROUNDS	\$ 55,000	\$ 24,431	\$ 30,569	\$ 19,716
Other General Gov't:				
Payroll Taxes	\$	\$ 3,473	\$	\$ 2,897
Pension		6,936		15,789
Airport		3,291		3,464
Street Lights		11,798		12,467
Attorney		18,046		13,484
Ins. & Bonds		24,421		23,256
Capital Outlay		<u>1,746</u>		<u>82,744</u>
TOTAL OTHER GENERAL GOVERNMENT	\$349,800	\$ 69,711	\$280,089	\$154,101
HIGHWAYS & STREETS	\$125,600	\$125,575	\$ 25	\$ 98,130
Public Works:				
Well Improvements	\$	\$ -0-	\$	\$ -0-
Drains at Large		5,256		35,615
Weed Control		<u>6,174</u>		<u>7,779</u>
TOTAL PUBLIC WORKS	\$260,000	\$ 11,430	\$248,570	\$ 43,394

The accompanying notes are an integral
part of the financial statements.

OWOSSO CHARTER TOWNSHIP
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

GENERAL FUND

	AMENDED <u>BUDGET</u>	3-31-04 <u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	3-31-03 <u>ACTUAL</u>
EXPENDITURES:				
Assessor:				
Salary	\$	\$ 19,833	\$	\$ 16,500
Supplies		<u>5,363</u>		<u>-0-</u>
TOTAL ASSESSOR	\$ 20,000	\$ 25,196	\$ (5,196)	\$ 16,500
Zoning Board:				
Salaries	\$	\$ 20,130	\$	\$ 19,115
Printing & Publ.		1,481		767
Contractual		25,257		6,549
Telephone		797		639
Dues & Education		-0-		20
Office Supplies		<u>1,075</u>		<u>727</u>
TOTAL ZONING BOARD	\$ <u>67,000</u>	\$ <u>48,740</u>	\$ <u>18,260</u>	\$ <u>27,817</u>
TOTAL EXPENDITURES	\$ <u>1,023,000</u>	\$ <u>412,616</u>	\$ <u>610,384</u>	\$ <u>477,064</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	\$ (544,000)	\$ 187,691	\$ (731,691)	\$ 109,766
Operating Transfers In	-0-	-0-	-0-	-0-
Operating Transfers Out	<u>(165,000)</u>	<u>(16,000)</u>	<u>(149,000)</u>	<u>10,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	\$ (165,000)	\$ (16,000)	\$ (149,000)	\$ (10,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ <u>(709,000)</u>	\$ 171,691	\$ <u>(880,691)</u>	\$ 99,766
Fund Balance Beginning of Year		<u>752,971</u>		<u>653,205</u>
FUND BALANCE (DEFICIT) AT END OF YEAR		\$ <u>924,662</u>		\$ <u>752,971</u>

The accompanying notes are an integral
part of the financial statements.

SPECIAL REVENUE FUNDS

FIRE FUND

Fire Fund is used to account for current property taxes received and monies disbursed for Township fire protection.

AMBULANCE FUND

Ambulance Fund is used to account for ambulance assessments received and monies disbursed for Township ambulance services.

CEMETERY FUND

Cemetery Fund is used to account for monies received and disbursed for the maintenance of the Township's cemeteries.

OWOSSO CHARTER TOWNSHIP
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2004 AND MARCH 31, 2003

	FIRE <u>1/2 MILL</u>	<u>FIRE</u>	<u>AMBULANCE</u>	<u>CEMETERY</u>	3-31-04 <u>TOTALS</u>	3-31-03 <u>TOTALS</u>
ASSETS:						
Cash	\$ 561	\$103,575	\$ 34,846	\$3,878	\$142,860	\$509,892
Investments	-0-	376,965	97,456	-0-	474,421	-0-
Due from Other						
Gov't Units	3,324	6,649	6,014	-0-	15,987	13,426
Due from Other						
Funds	49,466	99,369	65,923	-0-	214,758	224,568
Taxes Rec.	<u>1,522</u>	<u>3,044</u>	<u>-0-</u>	<u>-0-</u>	<u>4,566</u>	<u>1,893</u>
TOTAL ASSETS	<u>\$ 54,873</u>	<u>\$589,602</u>	<u>\$204,239</u>	<u>\$3,878</u>	<u>\$852,592</u>	<u>\$749,779</u>
LIABILITIES:						
Due to Other						
Funds	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 9,769
Accts. Pay.	<u>-0-</u>	<u>9,276</u>	<u>15,086</u>	<u>-0-</u>	<u>24,362</u>	<u>31,783</u>
TOTAL LIAB.	\$ -0-	\$ 9,276	\$ 15,086	\$ -0-	\$ 24,362	\$ 41,552
FUND BAL.	<u>54,873</u>	<u>580,326</u>	<u>189,153</u>	<u>3,878</u>	<u>828,230</u>	<u>708,227</u>
TOTAL LIAB.						
AND FUND						
BALANCE	<u>\$ 54,873</u>	<u>\$589,602</u>	<u>\$204,239</u>	<u>\$3,878</u>	<u>\$852,592</u>	<u>\$749,779</u>

The accompanying notes are an integral part of the financial statements.

OWOSSO CHARTER TOWNSHIP
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEAR ENDED MARCH 31, 2004 AND MARCH 31, 2003

	<u>FIRE</u> <u>1/2 MILL</u>	<u>FIRE</u>	<u>AMBULANCE</u>	<u>CEMETERY</u>	<u>3-31-04</u> <u>TOTALS</u>	<u>3-31-03</u> <u>TOTALS</u>
REVENUES:						
Taxes & Assmts	\$55,314	\$110,287	\$ 71,135	\$ -0-	\$236,736	\$231,325
Chgs. For						
Services	-0-	89,908	247,218	10,250	347,376	334,387
Interest &						
Misc.	<u>15</u>	<u>16,802</u>	<u>5,448</u>	<u>58</u>	<u>22,323</u>	<u>14,838</u>
TOTAL REV.	\$55,329	\$216,997	\$323,801	\$10,308	\$606,435	\$580,550
EXPENDITURES:						
Salaries &						
Wages	\$ -0-	\$ 56,282	\$198,233	\$ 6,604	\$261,119	\$276,456
Payroll						
Taxes	-0-	3,662	11,802	490	15,954	22,982
Supp. & Rep.	-0-	26,140	44,070	7,522	77,732	99,554
Contractual	-0-	1,875	26,026	-0-	27,901	27,448
Tel. & Util.	-0-	8,836	7,109	127	16,072	30,089
Insurance	-0-	31,178	16,351	1,555	49,084	35,774
Education,						
Misc. Dues	7	8,154	11,906	-0-	20,067	6,291
Capital Outlay	5,613	4,296	-0-	-0-	9,909	33,005
Pension	-0-	767	4,460	-0-	5,227	-0-
Prof. Serv.	-0-	<u>9,367</u>	<u>-0-</u>	<u>-0-</u>	<u>9,367</u>	<u>-0-</u>
TOTAL EXP.	\$ <u>5,620</u>	<u>\$150,557</u>	<u>\$319,957</u>	<u>\$16,298</u>	<u>\$492,432</u>	<u>\$531,599</u>
EXCESS OF						
REVENUES OVER						
EXPENDITURES						
(EXPENDITURES						
OVER						
REVENUES)	\$ <u>49,709</u>	<u>\$ 66,440</u>	<u>\$ 3,844</u>	<u>\$ (5,990)</u>	<u>\$114,003</u>	<u>\$ 48,951</u>

The accompanying notes are an integral part of the financial statements.

OWOSSO CHARTER TOWNSHIP
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED MARCH 31, 2004 AND MARCH 31, 2003

	<u>FIRE</u> <u>1/2 MILL</u>	<u>FIRE</u>	<u>AMBULANCE</u>	<u>CEMETERY</u>	<u>3-31-04</u> <u>TOTALS</u>	<u>3-31-03</u> <u>TOTALS</u>
Operating Transfers						
In	\$ -0-	\$ 44,231	\$ -0-	\$ 5,000	\$ 49,231	\$ 10,000
Operating Transfers						
Out	<u>(43,231)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(43,231)</u>	<u>-0-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)						
EXPENDITURES AND OTHER USES	\$ 6,478	\$110,671	\$ 3,844	\$ (990)	\$120,003	\$ 58,951
Fund Balance at Beginning of Year	<u>48,395</u>	<u>469,655</u>	<u>185,309</u>	<u>4,868</u>	<u>708,227</u>	<u>649,276</u>
FUND BALANCE AT END OF YEAR	<u>\$ 54,873</u>	<u>\$580,326</u>	<u>\$189,153</u>	<u>\$ 3,878</u>	<u>\$828,230</u>	<u>\$708,227</u>

The accompanying notes are an integral
part of the financial statements.

OWOSSO CHARTER TOWNSHIP
COMPARATIVE BALANCE SHEET
MARCH 31, 2004 AND MARCH 31, 2003

FIRE FUND

	<u>3-31-04</u>	<u>3-31-03</u>
ASSETS:		
Cash in Bank	\$103,575	\$361,821
Investments	376,965	-0-
Due from Other Governmental Units	6,649	5,687
Due from Other Funds	99,369	108,318
Taxes Receivable	<u>3,044</u>	<u>1,261</u>
TOTAL ASSETS	<u>\$589,602</u>	<u>\$477,087</u>
LIABILITIES:		
Accounts Payable	<u>\$ 9,276</u>	<u>\$ 7,432</u>
TOTAL LIABILITIES	<u>\$ 9,276</u>	<u>\$ 7,432</u>
 FIRE FUND BALANCE	 <u>\$580,326</u>	 <u>\$469,655</u>
 TOTAL LIABILITIES AND FIRE FUND BALANCE	 <u>\$589,602</u>	 <u>\$477,087</u>

The accompanying notes are an integral
part of the financial statements.

OWOSSO CHARTER TOWNSHIP
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

	FIRE FUND			
	AMENDED	3-31-04	ACTUAL (OVER)	3-31-03
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUES:				
Taxes:				
Current Property				
Taxes	\$ 96,000	\$110,287	\$ (14,287)	\$106,800
Investment Interest/Div.	-0-	12,109	(12,109)	-0-
Unrealized Gain	-0-	1,450	(1,450)	-0-
Charges for Services Rendered:				
Fire Runs & Protection	94,000	89,908	4,092	102,398
Interest Income	5,000	3,118	1,882	5,720
Miscellaneous Income	-0-	125	(2,025)	-0-
TOTAL REVENUES	\$ 195,000	\$216,997	\$ (23,897)	\$214,918
EXPENDITURES:				
Fire Dept:				
Salaries & Wages	\$ 95,000	\$ 56,282	\$ 38,718	\$ 52,752
Payroll Taxes	7,500	3,662	3,838	4,109
Operating Supplies	57,800	26,140	31,660	32,240
Telephone	10,000	760	9,240	5,291
Transportation	5,000	1,095	3,905	1,244
Insurance	31,200	31,178	22	22,381
Utilities	10,000	8,076	1,924	6,695
Medical	-0-	1,875	(1,875)	1,775
Education	5,000	4,991	9	2,323
Capital Outlay	305,500	4,296	301,204	
Hydrant Rental	4,000	2,068	1,932	
Pension	-0-	767	(767)	
Prof. Services	20,000	9,367	10,633	
TOTAL EXPENDITURES	\$ 551,000	\$150,557	\$ 400,443	\$128,810
EXCESS OF REVENUES				
OVER (UNDER) EXPENDITURES	\$(356,000)	\$ 66,440	\$(422,440)	\$ 86,108
Transfers In				
	-0-	44,231	(44,231)	-0-
	\$(356,000)	\$110,671	\$(466,671)	\$ 86,108
Fund Balance at Beginning of Year				
		469,655		383,547
FUND BALANCE AT END OF YEAR		\$580,326		\$469,655

The accompanying notes are an integral part of the financial statements.

OWOSSO CHARTER TOWNSHIP
COMPARATIVE BALANCE SHEET
MARCH 31, 2004 AND MARCH 31, 2003

AMBULANCE SERVICE FUND

	<u>3-31-04</u>	<u>3-31-03</u>
ASSETS:		
Cash	\$ 34,846	\$137,397
Investments	97,456	-0-
Due from Other Governmental Units	6,014	4,895
Due from Other Funds	<u>65,923</u>	<u>67,368</u>
TOTAL ASSETS	<u>\$204,239</u>	<u>\$209,660</u>
LIABILITIES:		
Accounts Payable	\$ <u>15,086</u>	\$ <u>24,351</u>
TOTAL LIABILITIES	\$ 15,086	\$ 24,351
AMBULANCE SERVICE FUND BALANCE	<u>\$189,153</u>	<u>185,309</u>
TOTAL LIABILITIES AND AMBULANCE SERVICE FUND BALANCE	<u>\$204,239</u>	<u>\$209,660</u>

The accompanying notes are an integral
part of the financial statements.

OWOSSO CHARTER TOWNSHIP
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

AMBULANCE SERVICE FUND

	AMENDED	3-31-04	ACTUAL (OVER)	3-31-03
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUES:				
Special Assmts.	\$ 71,000	\$ 71,135	\$ (135)	\$ 71,135
Interest Income	1,000	1,778	(778)	5,656
Services Rendered	200,000	218,748	(18,748)	186,159
Charges to Other Twps.	32,000	28,470	3,530	32,130
Misc. Income	-0-	122	(122)	-0-
Investment Inc/Div.	-0-	2,940	(2,940)	-0-
Unrealized Gain	<u>-0-</u>	<u>608</u>	<u>(608)</u>	<u>-0-</u>
TOTAL REVENUES	\$304,000	\$323,801	\$ (19,801)	\$295,080
EXPENDITURES:				
Salaries & Wages	\$240,000	\$198,233	\$ 41,767	\$216,967
Billing Exp.	30,000	26,026	3,974	24,744
Payroll Taxes	19,000	11,802	7,198	18,358
Operating Supplies	58,500	41,151	17,349	44,500
Communications	10,000	1,083	8,917	13,086
Transportation	8,000	2,919	5,081	8,562
Insurance	16,500	16,351	149	12,164
Utilities	12,000	6,026	5,974	4,925
Education, Dues, Misc.	19,500	11,906	7,594	3,968
Capital Outlay	50,500	-0-	50,500	-0-
Pension	<u>-0-</u>	<u>4,460</u>	<u>(4,460)</u>	<u>-0-</u>
TOTAL EXPENDITURES	\$464,000	\$319,957	\$144,043	\$347,274
EXCESS OF REVENUES				
OVER (UNDER)				
EXPENDITURES	\$ <u>(160,000)</u>	\$ 3,844	\$ <u>(163,844)</u>	\$ (52,194)
Fund Balance Beginning of Year				
		<u>185,309</u>		<u>237,503</u>
FUND BALANCE AT END OF YEAR				
		<u>\$189,153</u>		<u>\$185,309</u>

The accompanying notes are an integral part of the financial statements.

OWOSSO CHARTER TOWNSHIP
COMPARATIVE BALANCE SHEET
MARCH 31, 2004 AND MARCH 31, 2003

CEMETERY FUND

	<u>3-31-04</u>	<u>3-31-03</u>
ASSETS:		
Cash in Bank	<u>\$3,878</u>	<u>\$4,868</u>
TOTAL ASSETS	<u>\$3,878</u>	<u>\$4,868</u>
CEMETERY FUND BALANCE	<u>3,878</u>	<u>4,868</u>
TOTAL LIABILITIES AND CEMETERY FUND BALANCE	<u>\$3,878</u>	<u>\$4,868</u>

The accompanying notes are an integral
part of the financial statements.

OWOSSO CHARTER TOWNSHIP
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

CEMETERY FUND

	AMENDED	3-31-04	ACTUAL (OVER)	3-31-03
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUES:				
Charges for Services Rendered:				
Grave Openings Sales				
& Foundations	\$ 6,610	\$ 10,250	\$ (3,640)	\$13,700
Misc. Income	-0-	46	(46)	-0-
Interest Income	-0-	<u>12</u>	<u>(12)</u>	<u>22</u>
TOTAL REVENUES	\$ 6,610	\$ 10,308	\$ (3,698)	\$13,722
EXPENDITURES:				
Cemetery:				
Wages	\$ 7,300	\$ 6,604	\$ 696	\$ 6,737
Payroll Taxes	600	490	110	515
Operating Supplies	7,527	7,522	5	13,008
Contracted Serv.	-0-	-0-	-0-	929
Electricity	127	127	-0-	92
Insurance	1,555	1,555	-0-	1,229
Professional	<u>1,500</u>	<u>-0-</u>	<u>1,500</u>	<u>-0-</u>
TOTAL EXPENDITURES	\$18,609	\$ 16,298	\$ 2,311	\$22,510
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	\$ (11,999)	\$ (5,990)	\$ (6,009)	\$ (8,788)
Operating Transfers				
In	<u>10,000</u>	<u>5,000</u>	<u>5,000</u>	<u>10,000</u>
EXCESS OF REVENUES AND OTHER SOURCES (OVER) UNDER EXPENDITURES AND OTHER USES	\$ (1,999)	\$ (990)	\$ (1,009)	\$ 1,212
Fund Balance at Beginning of Year		<u>4,868</u>		<u>3,656</u>
FUND BALANCE AT END OF YEAR		\$ <u>3,878</u>		\$ <u>4,868</u>

The accompanying notes are an integral
part of the financial statements.

OWOSSO CHARTER TOWNSHIP
COMPARATIVE BALANCE SHEET
MARCH 31, 2004 AND MARCH 31, 2003

FIRE 1/2 MILL FUND

	<u>3-31-04</u>	<u>3-31-03</u>
ASSETS:		
Cash in Bank	\$ 561	\$ 5,806
Certificate of Deposit	-0-	-0-
Due from Other Governmental Units	3,324	2,844
Taxes Receivable	1,522	632
Due from Other Funds	<u>49,466</u>	<u>48,882</u>
TOTAL ASSETS	<u>\$ 54,873</u>	<u>\$ 58,164</u>
LIABILITIES:		
Due to Other Funds	\$ <u>-0-</u>	\$ <u>9,769</u>
	\$ -0-	\$ 9,769
Fire 1/2 Mill Fund Balance	<u>54,873</u>	<u>48,395</u>
	<u>\$ 54,873</u>	<u>\$ 58,164</u>
TOTAL LIABILITIES AND FIRE 1/2 MILL FUND BALANCE	<u>\$ 54,873</u>	<u>\$ 58,164</u>

The accompanying notes are an integral
part of the financial statements.

OWOSSO CHARTER TOWNSHIP
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

FIRE 1/2 MILL FUND

	AMENDED <u>BUDGET</u>	3-31-04 <u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	3-31-03 <u>ACTUAL</u>
REVENUES:				
Taxes:				
Current Property Taxes	\$ 53,500	\$ 55,314	\$ (1,814)	\$ 53,390
Interest Income	<u>1,000</u>	<u>15</u>	<u>985</u>	<u>3,440</u>
TOTAL REVENUES	\$ 54,500	\$ 55,329	\$ (829)	\$ 56,830
EXPENDITURES:				
Bank Fees	\$ -0-	\$ 7	\$ (7)	\$ -0-
Capital Outlay	<u>181,500</u>	<u>5,613</u>	<u>175,887</u>	<u>33,005</u>
TOTAL EXPENDITURES	\$ <u>181,500</u>	\$ <u>5,620</u>	\$ <u>175,880</u>	\$ <u>33,005</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	\$ (127,000)	\$ 49,709	\$ (176,709)	\$ 23,825
Transfer to Fire	<u>-0-</u>	<u>(43,231)</u>	<u>(43,231)</u>	<u>-0-</u>
EXCESS OF REVENUES AND OTHER USES OVER (UNDER) EXPENDITURES				
	\$ <u>(127,000)</u>	\$ 6,478	\$ <u>(133,478)</u>	\$ 23,825
Fund Balance at Beginning of Year		<u>48,395</u>		<u>24,570</u>
FUND BALANCE AT END OF YEAR		\$ <u>54,873</u>		\$ <u>48,395</u>

The accompanying notes are an integral part of the financial statements.

ENTERPRISE FUND

WATER FUND

The Water Fund is used to account for the monies collected and used to provide water services to the Owosso Township Industrial Park.

SEWER FUND

The Sewer Fund is used to account for sewer services to the residents of the Township. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations and related debt service.

The Sewer Fund includes Sewer Special Assessments which were used to account for monies assessed for sewer construction and to disburse those monies to the Owosso Township-Caledonia Township Utility Authority.

Interest is charged on the unpaid assessment. Bond principal and interest are paid with the monies provided by payments on the assessments and related interest.

OWOSSO CHARTER TOWNSHIP
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2004 AND MARCH 31, 2003

ASSETS

	WATER <u>FUND</u>	SEWER <u>FUND</u>	3-31-04 <u>TOTALS</u>	3-31-03 <u>TOTALS</u>
CURRENT ASSETS:				
Cash	\$ 358	\$ 106,248	\$ 106,606	\$1,015,597
Investments	-0-	942,218	942,218	-0-
Accts. Rec:				
Other Funds	-0-	131,556	131,556	125,924
Other Ent.	12,308	4,199	16,507	14,602
Special Assmts.	-0-	26,272	26,272	29,872
Accrued Int. Rec.	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL CURRENT ASSETS	\$ 12,666	\$1,210,493	\$1,223,159	\$1,185,995
Property, Plant & Equipment:				
Land	\$	\$ 200,000	\$ 200,000	\$ -0-
Investment in Sewer Plant		885,855	885,855	885,855
Accumulated Deprec.	<u></u>	<u>777,162</u>	<u>777,162</u>	<u>729,108</u>
	\$	\$ 308,693	\$ 308,693	\$ 156,747
Other Assets:				
Investment in Subsidiary - Owosso-Caledonia Utility Auth.	<u>\$ 12,666</u>	<u>4,551,311</u> <u>\$6,070,497</u>	<u>4,551,311</u> <u>\$6,083,163</u>	<u>4,633,505</u> <u>\$5,976,247</u>

LIABILITIES AND RETAINED EARNINGS

Current Liabilities:				
Current Maturities on				
Long-Term Debt	\$ -0-	\$ 49,002	\$ 49,002	\$ 39,775
Accounts Payable	172	-0-	172	13,291
Accrued Interest Pay.	-0-	39,820	39,820	28,576
Due to Other Funds	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL CURRENT LIAB.	\$ 172	\$ 88,822	\$ 88,994	\$ 81,642
Long-Term Debt, Less Current Maturities				
	\$ -0-	\$ 263,406	\$ 263,406	\$ 134,575
Retained Earnings	<u>12,494</u> <u>\$ 12,666</u>	<u>5,718,269</u> <u>\$6,070,497</u>	<u>5,730,763</u> <u>\$6,083,163</u>	<u>5,760,230</u> <u>\$5,976,247</u>

The accompanying notes are an integral part of the financial statements.

OWOSSO CHARTER TOWNSHIP
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN RETAINED EARNINGS
YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>3-31-04 TOTALS</u>	<u>3-31-03 TOTALS</u>
REVENUES:				
Revenues	\$ 34,915	\$ 260,884	\$ 295,799	\$ 171,954
Interest Income	70	39,701	39,771	20,255
Misc. Income	<u>-0-</u>	<u>2,605</u>	<u>2,605</u>	<u>-0-</u>
TOTAL REVENUES	\$ 34,985	\$ 303,190	\$ 338,175	\$ 192,209
EXPENDITURES:				
Operation of Plant	\$ 73,528	\$ 98,085	\$ 171,613	\$ 151,953
Interest Expense		15,724	15,724	13,756
Depreciation Exp.		48,054	48,054	48,054
Unrealized Loss		57,033	57,033	-0-
Miscellaneous		<u>3,024</u>	<u>3,024</u>	<u>-0-</u>
TOTAL EXPENDITURES	\$ <u>73,528</u>	\$ <u>221,920</u>	\$ <u>295,448</u>	\$ <u>213,763</u>
NET INCOME (LOSS)	\$ (38,543)	\$ 81,270	\$ 42,727	\$ (21,554)
Operating Transfer In	<u>10,000</u>	<u>-0-</u>	<u>10,000</u>	<u>-0-</u>
	\$ (28,543)	\$ 81,270	\$ 52,727	\$ (21,554)
Retained Earnings				
Beginning of Year	\$ 41,037	\$ 5,719,193	\$5,760,230	\$5,856,527
Decrease in Value of Subsidiary During the Year	<u>-0-</u>	<u>(82,194)</u>	<u>(82,194)</u>	<u>(74,743)</u>
RETAINED EARNINGS - END OF YEAR	\$ <u>12,494</u>	\$ <u>5,718,269</u>	\$ <u>5,730,763</u>	\$ <u>5,760,230</u>

The accompanying notes are an integral
part of the financial statements.

OWOSSO CHARTER TOWNSHIP
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

	<u>WATER</u> <u>FUND</u>	<u>SEWER</u> <u>FUND</u>	<u>3-31-04</u> <u>TOTALS</u>	<u>3-31-03</u> <u>TOTALS</u>
Cash Flows from Operating Activities:				
Net Income	\$(28,543)	\$ 81,270	\$ 52,727	\$ (21,554)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:				
Depreciation		48,054	48,054	48,054
Decrease (Increase) In Accts. Rec.	(2,941)	(996)	(3,937)	48,702
Increase (Decrease) In Due from Other Funds	-0-	-0-	-0-	-0-
Increase (Decrease) in Interest Rec.	-0-	-0-	-0-	(16,980)
Decrease (Increase) in Int. Payable	-0-	11,244	11,244	13,756
Increase (Decrease) in Payables	(13,119)	-0-	(13,119)	13,291
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$(44,603)	\$ 139,572	\$ 94,969	\$ 119,229
Cash Flows from Investing Activities:				
Increase in Plant Capacity	\$	\$	\$	\$
Cash Flows from Financing Activities:				
Decrease in Debt	-0-	(61,742)	(61,742)	(40,850)
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$(44,603)	\$ 77,830	\$ 33,227	\$ 78,379
Cash and Cash Equivalents Beginning of Year	44,961	970,636	1,015,597	937,218
CASH AND CASH EQUIVALENTS END OF YEAR	\$ 358	\$1,048,466	\$1,048,824	\$ 1,015,597
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash Paid During the Year for:				
Interest	\$ -0-	\$ 4,480	\$ 4,480	\$ -0-

DISCLOSURE OF ACCOUNTING POLICY:

For purposes of the statement of cash flows, the Township considers all highly liquid debt instruments, such as certificates of deposit to be cash equivalents.

OWOSSO CHARTER TOWNSHIP
COMPARATIVE BALANCE SHEET
WATER FUND
MARCH 31, 2004 AND MARCH 31, 2003

ASSETS

	<u>3-31-04</u>	<u>3-31-03</u>
CURRENT ASSETS:		
Cash	\$ 358	\$44,961
Accounts Receivable	12,308	9,367
Due from Other Funds	<u>-0-</u>	<u>-0-</u>
	<u>\$12,666</u>	<u>\$54,328</u>
Accounts Payable	\$ 172	\$13,291
Retained Earnings	<u>12,494</u>	<u>41,037</u>
LIABILITIES AND RETAINED EARNINGS	<u>\$12,666</u>	<u>\$54,328</u>

The accompanying notes are an integral part of the financial statements.

OWOSSO CHARTER TOWNSHIP
WATER FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN RETAINED EARNINGS
YEARS ENDED MARCH 31, 2004 AND 2003

	3-31-04 <u>ACTUAL</u>	3-31-03 <u>ACTUAL</u>
REVENUES:		
Water Revenues	\$ 34,915	\$ 37,570
Interest Income	<u>70</u>	<u>173</u>
TOTAL REVENUES	\$ 34,985	\$ 37,743
EXPENDITURES:		
Utilities	\$ 4,013	\$ 3,721
Maintenance	8,790	7,838
Contractual & Engineering	60,725	19,174
Water Tower Maintenance	<u>-0-</u>	<u>-0-</u>
TOTAL EXPENDITURES	\$ <u>73,528</u>	\$ <u>30,733</u>
NET INCOME (LOSS)	\$ (38,543)	\$ 7,010
Operating Transfer In	<u>10,000</u>	<u>-0-</u>
NET INCOME AFTER TRANSFERS	\$ (28,543)	\$ 7,010
Retained Earnings - Beginning of Year	<u>41,037</u>	<u>34,027</u>
RETAINED EARNINGS - END OF YEAR	\$ <u>12,494</u>	\$ <u>41,037</u>

The accompanying notes are an integral
part of the financial statements.

OWOSSO CHARTER TOWNSHIP
WATER FUND
COMPARATIVE STATEMENT OF CASH FLOWS
YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

	<u>3-31-04</u>	<u>3-31-03</u>
Cash Flows from Operating Activities:		
Net Income	\$(28,543)	\$ 7,010
Adjustments to Reconcile Net Cash Provided by Operating Activities:		
Decrease (Increase) in		
Accts. Rec.	(2,941)	202
Increase (Decrease) in Due from		
Other Funds	-0-	3,000
Increase (Decrease) in		
Payables	(13,119)	<u>13,291</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$(44,603)	\$ 23,503
Cash and Cash Equivalents at Beginning of Year	<u>44,961</u>	<u>21,458</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u><u>358</u></u>	\$ <u><u>44,961</u></u>

The accompanying notes are an integral
part of the financial statements.

OWOSSO CHARTER TOWNSHIP
COMPARATIVE BALANCE SHEET
SEWER FUND
MARCH 31, 2004 AND MARCH 31, 2003

ASSETS

	<u>3-31-04</u>	<u>3-31-03</u>
CURRENT ASSETS:		
Cash	\$ 106,248	\$ 970,636
Investments	942,218	-0-
Accounts Receivable:		
Other Funds	131,556	125,924
Other Entities	4,199	5,235
Special Assessments	26,272	29,872
Accrued Interest Rec.	<u>-0-</u>	<u>-0-</u>
TOTAL CURRENT ASSETS	\$1,210,493	\$1,131,667
Property, Plant and Equipment:		
Land	\$ 200,000	\$ -0-
Investment in Sewer Plan	885,855	885,855
Accumulated Depreciation	<u>777,162</u>	<u>729,108</u>
	\$ 308,693	\$ 156,747
Other Assets:		
Investment in Subsidiary - Owosso-		
Caledonia Utility Authority	<u>4,551,311</u>	<u>4,633,505</u>
	<u>\$6,070,497</u>	<u>\$5,921,919</u>

LIABILITIES AND RETAINED EARNINGS

Current Liabilities:		
Current Maturities on Long-Term Debt	\$ 49,002	\$ 39,775
Accrued Interest Payable	39,820	28,576
Due to Other Funds	<u>-0-</u>	<u>-0-</u>
TOTAL CURRENT LIABILITIES	\$ 88,822	\$ 68,351
Long-Term Debt, Less Current Maturities	263,406	134,375
Retained Earnings	<u>5,718,269</u>	<u>5,719,193</u>
	<u>\$6,070,497</u>	<u>\$5,921,919</u>

The accompanying notes are an integral part of the financial statements.

OWOSSO CHARTER TOWNSHIP
SEWER FUNDS
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN RETAINED EARNINGS
YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

	ACTUAL <u>3-31-04</u>	ACTUAL <u>3-31-03</u>
REVENUES:		
Sewer Revenues - Operating	\$ 155,904	\$ 125,074
Sewer Revenue - Assessments	104,980	9,310
Interest Income	2,978	20,082
Interest/Dividends	36,723	-0-
Miscellaneous Income	<u>2,605</u>	<u>-0-</u>
TOTAL REVENUES	\$ 303,190	\$ 154,466
EXPENDITURES:		
Operation of Plant	\$ 98,085	\$ 121,220
Interest Expense	15,724	13,756
Depreciation Expense	48,054	48,054
Unrealized Loss	57,033	-0-
Miscellaneous	<u>3,024</u>	<u>-0-</u>
TOTAL EXPENDITURES	\$ <u>221,920</u>	\$ <u>183,030</u>
NET INCOME	\$ 81,270	\$ (28,564)
Retained Earnings - Beginning Of Year	5,719,193	5,822,500
Decrease in Value of Subsidiary During the Year	<u>(82,194)</u>	<u>(74,743)</u>
RETAINED EARNINGS END OF YEAR	<u>\$5,718,269</u>	<u>\$5,719,193</u>

The accompanying notes are an integral
part of the financial statements.

OWOSSO CHARTER TOWNSHIP
SEWER FUND
COMPARATIVE STATEMENT OF CASH FLOWS
YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

	<u>3-31-04</u>	<u>3-31-03</u>
Cash Flows from Operating Activities:		
Net Income (Loss)	\$ 81,270	\$ (28,564)
Adjustments to Reconcile Net Income To Net Cash Provided by Operating Activities:		
Depreciation	48,054	48,054
Decrease (Increase) in Accounts Receivable	(996)	48,500
Increase (Decrease) in Due From Other Funds	-0-	(3,000)
Increase (Decrease) in Interest Rec.	-0-	16,980
Increase (Decrease) in Interest Payable	<u>11,244</u>	<u>13,756</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 139,572	\$ 95,726
Cash Flow from Investing Activities:		
Increase in Plant Capacity	\$ -0-	\$ -0-
Cash Flows from Financing Activities:		
Decrease in Debt	<u>(61,742)</u>	<u>(40,850)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 77,830	\$ 54,876
Cash and Cash Equivalents at Beginning of Year	<u>970,636</u>	<u>915,760</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$1,048,466</u>	<u>\$970,636</u>
Supplemental Disclosure of Cash Flow Information:		
Cash Paid During the Year for:		
Interest	\$ <u>4,480</u>	\$ <u>-0-</u>

Disclosure of Accounting Policy:

For purposes of the statement of cash flows, the Township considers all highly liquid debt instruments, such as certificates of deposit to be cash equivalents.

The accompanying notes are an integral part of the financial statements.

FIDUCIARY FUNDS

TRUST AND AGENCY FUND

Trust and Agency Fund is used to account for collection of delinquent taxes and other monies which are held by the Township as a trustee and are distributed to other funds of the Township or to other governmental agencies.

CURRENT TAX COLLECTION FUND

Current Tax Collection Fund is used to receive the Township's current tax collections and to distribute such monies to the Township funds involved therein, and to other governmental agencies.

OWOSSO CHARTER TOWNSHIP
FIDUCIARY FUNDS
COMBINING BALANCE SHEETS
MARCH 31, 2004 AND MARCH 31, 2003

	<u>TRUST AND AGENCY</u>	<u>CURRENT TAX COLLECTIONS</u>	<u>3-31-04 TOTALS</u>	<u>3-31-03 TOTALS</u>
ASSETS:				
Cash in Bank	\$ -0-	\$663,657	\$663,657	\$753,986
Due from Other Gov't Units	<u>219</u>	<u>-0-</u>	<u>219</u>	<u>-0-</u>
	\$ <u><u>219</u></u>	\$ <u><u>663,657</u></u>	\$ <u><u>663,876</u></u>	\$ <u><u>753,986</u></u>
LIABILITIES:				
Due to Other Gov't Units	\$ -0-	\$302,959	\$302,959	\$399,045
Due to Other Funds	<u>219</u>	<u>360,698</u>	<u>360,917</u>	<u>354,941</u>
	\$ 219	\$663,657	\$663,876	\$753,986
FUND BALANCES:				
Fund Balances	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	\$ <u><u>219</u></u>	\$ <u><u>663,657</u></u>	\$ <u><u>663,876</u></u>	\$ <u><u>753,986</u></u>

The accompanying notes are an integral
part of the financial statements.

OWOSSO CHARTER TOWNSHIP
COMPARATIVE BALANCE SHEET
MARCH 31, 2004 AND MARCH 31, 2003

TRUST AND AGENCY FUND

	<u>3-31-04</u>	<u>3-31-03</u>
ASSETS:		
Cash	\$ -0-	\$ 263
Due from Other Gov't Units	<u>219</u>	<u>-0-</u>
TOTAL ASSETS	\$ <u>219</u>	\$ <u>263</u>
LIABILITIES:		
Due to Other Gov't Units	\$ -0-	\$ -0-
Due to Other Funds	<u>219</u>	<u>263</u>
	\$ <u>219</u>	\$ <u>263</u>

The accompanying notes are an integral
part of the financial statements.

OWOSSO CHARTER TOWNSHIP
COMPARATIVE STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

TRUST AND AGENCY FUND

	<u>3-31-04</u>	<u>3-31-03</u>
BALANCE BEGINNING OF YEAR	\$ 263	\$ 2,360
RECEIPTS:		
Trailer Park Fees	\$ 12,492	\$ 11,835
Withholding Taxes	<u>89,452</u>	<u>87,418</u>
TOTAL RECEIPTS	<u>\$101,944</u>	<u>\$ 99,253</u>
TOTAL RECEIPTS AND BEGINNING BALANCE	\$102,207	\$101,613
DISBURSEMENTS:		
Shiawassee County	\$ 10,674	\$ 12,223
General Fund	2,082	1,972
Withholding Taxes	<u>89,451</u>	<u>87,155</u>
	<u>\$102,207</u>	<u>\$101,350</u>
BALANCE END OF YEAR	\$ <u>-0-</u>	\$ <u>263</u>

The accompanying notes are an integral
part of the financial statements.

OWOSSO CHARTER TOWNSHIP
COMPARATIVE BALANCE SHEET
MARCH 31, 2004 AND MARCH 31, 2003

CURRENT TAX COLLECTION FUND

	<u>3-31-04</u>	<u>3-31-03</u>
ASSETS:		
Cash in Bank	<u>\$663,657</u>	<u>\$753,723</u>
LIABILITIES:		
Due to Sewer Fund	\$ 31,556	\$ 25,924
Due to General Fund	114,384	113,955
Due to Fire Fund	99,369	98,549
Due to Ambulance Fund	65,923	67,368
Due to Fire 1/2 Mill Fund	49,466	48,882
Due to Other Gov't Units	<u>302,959</u>	<u>399,045</u>
	<u>\$663,657</u>	<u>\$753,723</u>

The accompanying notes are an integral
part of the financial statements.

OWOSSO CHARTER TOWNSHIP
COMPARATIVE STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

CURRENT TAX COLLECTION FUND

	3-31-04 <u>ACTUAL</u>	3-31-03 <u>ACTUAL</u>
BALANCE BEGINNING OF YEAR	\$ 753,723	\$ 61,021
RECEIPTS:		
Current Property Taxes	3,087,009	3,219,754
Delinquent Taxes and Pen.	52,806	42,145
Dog Licenses	130	165
Interest Income	2,257	2,410
Overpaid Taxes	10,432	4,676
Penalties	<u>7,266</u>	<u>-0-</u>
TOTAL RECEIPTS	<u>\$3,159,900</u>	<u>\$3,269,150</u>
TOTAL RECEIPTS AND BEGINNING BALANCE	\$3,913,623	\$3,330,171
DISBURSEMENTS:		
Shiawassee County	\$1,752,912	\$1,650,773
State of Michigan	40,212	38,817
Shiawassee Library	120,300	123,023
Owosso Schools	913,090	693,440
Ovid-Elsie Schools	12,191	8,100
Clinton County	4,665	3,000
General Fund	131,153	18,239
Fire Fund	107,877	12,479
Fire Fund - 1/2 Mill	53,361	5,727
Sewer Fund	31,156	3,680
Ambulance Fund	72,617	6,407
Brownfield Fund	-0-	8,087
Refund Overpaid Taxes	<u>10,432</u>	<u>4,676</u>
TOTAL DISBURSEMENTS	<u>\$3,249,966</u>	<u>\$2,576,448</u>
BALANCE END OF YEAR	<u>\$ 663,657</u>	<u>\$ 753,723</u>

The accompanying notes are an integral part of the financial statements.

OWOSSO CHARTER TOWNSHIP
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
MARCH 31, 2004 TO MARCH 31, 2003

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

	BALANCE <u>3-31-03</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	BALANCE <u>3-31-04</u>
Land & Improve.	\$ 247,820	\$	\$	\$ 247,820
Townhall	275,878	-0-		275,878
Fire Stations	175,031	6,557		181,588
Machinery & Equipment	412,517	11,111		423,628
Vehicles	1,027,602	-0-		1,027,602
Office Equip. & Furn.	88,972	1,800		90,772
Water Tower	<u>205,334</u>			<u>205,334</u>
TOTALS	<u>\$ 2,433,154</u>	<u>\$ 19,468</u>	<u>\$ -0-</u>	<u>\$ 2,452,622</u>

The accompanying notes are an integral
part of the financial statements.

GENERAL LONG-TERM DEBT

To account for the long-term debt payable to the
State of Michigan by the Brownfield Redevelopment
Authority.

OWOSSO CHARTER TOWNSHIP
GENERAL LONG-TERM DEBT GROUP
COMPARATIVE BALANCE SHEET
MARCH 31, 2004 AND MARCH 31, 2003

ASSETS

	<u>3-31-04</u>	<u>3-31-03</u>
Amount to be Provided by the Brownfield Redevelopment Authority	<u>\$70,000</u>	<u>\$70,000</u>

LIABILITIES

Loans Payable to the State of Michigan	<u>\$70,000</u>	<u>\$70,000</u>
---	-----------------	-----------------

The accompanying notes are an integral
part of the financial statements.

COMPONENT UNITS

BROWNFIELD REDEVELOPMENT AUTHORITY

The Brownfield Redevelopment Authority was established to pay for the clean-up of contaminated sites within the Township and repay loans through Tax Increment Financing.

OWOSSO CHARTER TOWNSHIP
 COMPONENT UNIT
 BROWNFIELD REDEVELOPMENT AUTHORITY
 COMPARATIVE BALANCE SHEET
 MARCH 31, 2004 AND MARCH 31, 2003

ASSETS

	<u>3-31-04</u>	<u>3-31-03</u>
Cash	\$ 7,510	\$ 8,602
Due from Other Funds	<u>9,823</u>	<u>-0-</u>
	<u>\$ 17,333</u>	<u>\$ 8,602</u>

LIABILITIES AND FUND BALANCE

LIABILITIES:		
Due to Other Funds	\$105,130	\$105,130
Due to Other Entities	-0-	580
FUND BALANCE	<u>(87,797)</u>	<u>(97,648)</u>
	<u>\$ 17,333</u>	<u>\$ 8,062</u>

The accompanying notes are an integral
 part of the financial statements.

OWOSSO CHARTER TOWNSHIP
 COMPONENT UNIT
 BROWNFIELD REDEVELOPMENT AUTHORITY
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 YEARS ENDED MARCH 31, 2004 AND MARCH 31, 2003

	AMENDED <u>BUDGET</u>	3-31-04 <u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	3-31-03 <u>ACTUAL</u>
REVENUES:				
TIFA Property				
Taxes	\$	\$ 9,823	\$	\$ 7,507
Interest Income		<u>28</u>		
TOTAL REVENUES	\$ -0-	\$ 9,851	\$ (9,851)	\$ 7,507
EXPENDITURES:				
Office Expenses	\$ -0-	\$ -0-	\$ -0-	\$ 25
TOTAL EXPENDITURES	\$ -0-	\$ -0-	\$ -0-	\$ 25
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	\$ <u>-0-</u>	\$ 9,851	\$ <u>(9,851)</u>	\$ 7,842
Fund Balance at Beginning of Year		<u>(97,648)</u>		<u>(105,130)</u>
FUND BALANCE AT END OF YEAR		\$ <u>(87,797)</u>		\$ <u>(97,648)</u>

The accompanying notes are an integral
 part of the financial statements.



DEMIS and WENZLICK, P.C.

Certified Public Accountants

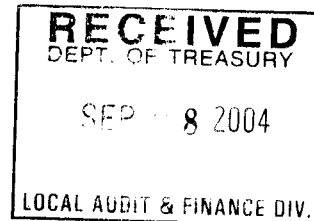
217 N. Washington Street
Pabst Building, Suite 201
Owosso, MI 48867

989-723-8227 • FAX 989-725-5143
E-MAIL office@dw-cpa.com

James Demis, Jr., C.P.A.
LaVearn G. Wenzlick, C.P.A.

Lori S. Chant, C.P.A.
Carol A. Demis
Jeanette Gaitskill
Janet E. Guru
Janis K. Mead
Tammy Pappas
Peggy Ryan
Joyce M. Simmons
Geraldine Terry, C.P.A.

August 19, 2004



Members of the Township Board
Owosso Charter Township
Shiawassee County, Michigan

In compliance with the provisions of Section 11, Paragraph 2, of Act 2, Public Acts of 1968, we wish to render our report of comments and recommendations which were formulated as a result of the examination our firm performed on the financial statements of the Township of Owosso for the year then ended March 31, 2004.

BROWNFIELD FUND DEFICIT

PA 275 of 1980 prohibits a fund deficit. The Brownfield Fund deficit was funded by loans from the sewer fund and the State of Michigan. This condition will result in the filing of a deficit elimination plan. We can assist in this preparation.

BUDGET

The Michigan Public Act 621 of 1978, includes compliance requirements in budgeting. Total expenditures cannot exceed total budgeted revenues plus beginning fund balance. Expenditures should be reviewed periodically and the budget amended before incurring any expense which would exceed the budgeted amount.

DELINQUENT PERSONAL PROPERTY TAXES

There was relatively little collections of delinquent personal property taxes. We recommend that the attorney should give a periodic status report on delinquents.

SEWER FUND - INTEREST ON INDEBTEDNESS

The Sewer Fund pays the City of Owosso an annual principal payment on an indebtedness. We could not find where the City billed for the interest on this debt. We recommend the City be contacted for verification.

GENERAL LEDGER

The general ledger is one of the more important accounting records that the Township maintains. It is important that each fund's ledger be in balance. This reconciliation should occur monthly.

GASB 34

The Government Accounting Standard Board issued Statement #34. This statement significantly changes governmental financial reporting. It requires reporting of infrastructure, including related depreciation and it requires management discussion and analysis of the government's financial condition. The effective date of this statement is March 31, 2005 for Owosso Charter Township.

The State of Michigan has indicated it will not enforce compliance with GASB 34. At a later time, we will itemize both the advantages and disadvantages of compliance with this statement for Owosso Charter Township.

CASH DISBURSEMENTS

We have noted that Owosso Charter Township's internal controls include numerically keeping each invoice by check number and canceling each invoice by writing the date and check number on the invoice. In our examination of cash disbursements, we found instances where invoices were missing. In other instances, invoices were not canceled by writing a check number on them or the invoices were not kept in numerical order. We recommend care in the following township internal control procedures.

MINUTES

Owosso Charter township's meeting minutes are a vital record of the proceedings of each meeting. These minutes should include detail of any important contracts or purchases. We recommend detailed disclosure of any significant contracts or occurrences.

INVESTMENT POLICY

Owosso Charter Township is currently holding some investments through Edward Jones. We believe that Owosso Charter Township should request legal opinion confirming that they are in compliance with the Township's investment policy and Public Act 20 of 1943, as amended.

SEWER FUND

The Township many years ago, had many years ago a special assessment fund that was established to pay for the cost of the sewer system and related bonds. FMHA financed the bonds at that time. FMHA gave the township a significant discount if the township prepaid the bonds, which it did. This resulted in a significant balance in the fund.

This fund has accumulated to a significant amount over the years, since the discount, as there has been no major expenditures from this fund.

If less than 10% of a special assessment is left in a fund, the township may transfer the money to the general fund. Since this fund is in excess of the limitation, State Treasury permission is required.

We recommend a letter be sent to the state that requests closure of this fund and the money transferred to the general fund.

TAX FUND

At fiscal year end, the tax fund still had a significant amount of cash. We recommend prompt payout of tax collections. Prompt payout also aid in monthly reconciliation.

We wish to thank the board for the excellent cooperation we received in performing the township audit. If we can be of any further assistance to the township on these matters or any future matters please do not hesitate to contact us.

Sincerely yours,

Dennis and Lengfisch, P.C.

Certified Public Accountants